Appendix 1

Integrated Plans, Programs, and Budgets

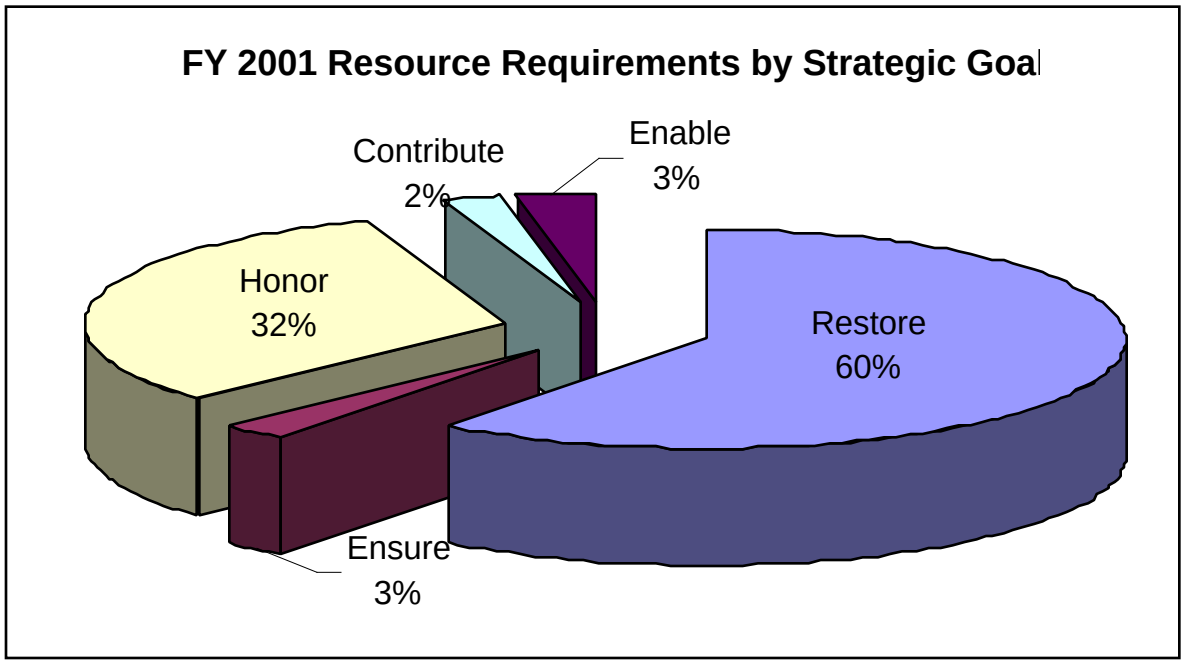
VA is implementing an integrated strategic planning framework. With veterans and their families as the primary focus, the diagram below provides a brief description of the key elements of our overall process to achieve integrated plans, programs, and budgets. These elements include:

(1) strategic planning;
(2) implementation planning;
(3) carrying out plans and programs; and
(4) monitoring performance and identifying areas for improvements.

This entire framework is built around a combination of processes for internal alignment and communications, such as the *One VA* Conferences and organizational and employee performance plans, and for external alignment, such as the "Four Corners" Stakeholder Consultations and the development of the Legislative Program.

In addition, the budget and annual performance planning process is based on the strategic goals. The first table (Table A) on the following page shows resources by strategic goal. The second table (Table B) diagram shows resources by traditional business lines.

TABLE A

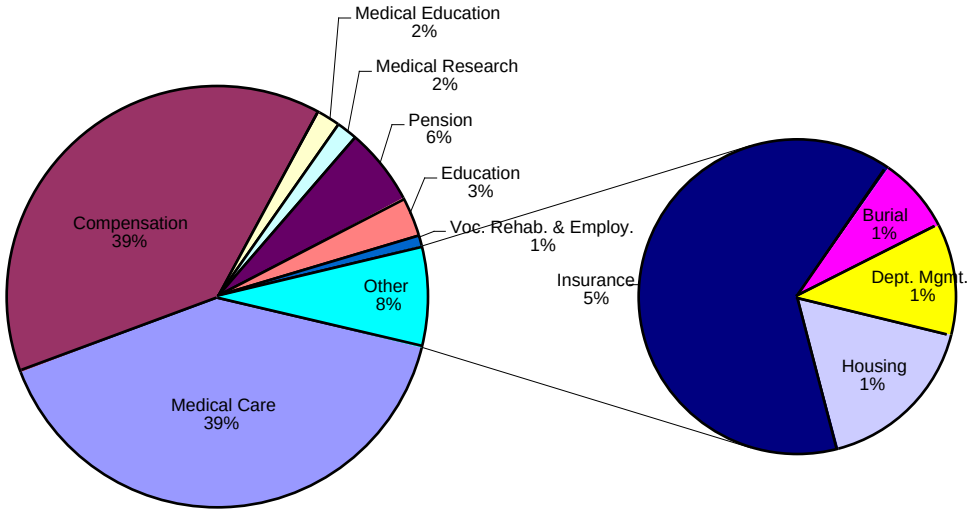


Source: FY 2001 VA Annual Performance Plan

Appendix 1

TABLE B

FY 2001 Resource Requirements by Business Line



Medical Care	$21,201.3
Medical Education	$988.7
Medical Research	$972.7
Compensation	$20,894.7
Pension	$3,191.1
Education	$1,526.6
Voc. Rehab. & Employ.	$618.8
Housing	$887.8
Insurance	$2,841.3
Burial	$216.4
Dept. Mgmt.	$486.2
Total Resources	$53,847.7

Source: FY 2001 VA Budget

Appendix 2

MANAGEMENT CHALLENGES

There are several unresolved management problems facing VA that could potentially disrupt service delivery to veterans if not addressed in a timely fashion. The following discussion summarizes specific actions taken by VA to resolve identified problem areas. A complete description of our efforts to resolve management problems identified by the VA Inspector General (IG) and the current status of each open GAO recommendation was provided Senator Fred Thompson in an October 15, 1999, letter from the Secretary of Veterans Affairs. The background descriptions provided for these management challenges were drawn directly from documents prepared by the IG and GAO.

Pending Material Weaknesses

Compensation and Pension (C&P) System—Lack of Adaptability and Documentation

Background: The C&P system is outdated and needs to be replaced. The plan for correcting this weakness is to implement the Veterans Service Network (VETSNET) C&P application. The targeted correction date is FY 2003.

Actions include:

Pursued an incremental strategy to complete development of the C&P payment system.
Replaced the finance and accounting code currently in the Benefits Delivery Network with a standardized, on-line accounting and payment system that will interface with the Financial Management System.

Loan Guaranty –Financial Modernization

Background: The loan guaranty system lacks up-to-date interfaces between manual and automated components. There are three major needs for a modernized loan guaranty system: (1) credit reform requirements, including cohort year accounting; (2) interface of loan guaranty systems to FMS; and (3) loan guaranty program modernization projects, including a new payment system to identify duplicate payments automatically. Automatic interfacing of payments cannot be accomplished before VA implements the modernized loan guaranty system. The targeted correction date is to be determined.

Actions include:

Replaced the Automated Voucher Audit and Payment System with FMS on-line payment processes.
Placed the Loan Service and Claims System into production at all nine regional loan centers.
Started consolidating all loan guaranty accounting to the Mortgage Loan Accounting Center in Austin.
Converted stations merged as part of that consolidation into the FMS general ledger system.

Loan Guaranty—Loan Service and Claims

Background: The loan service and claims component of the loan guaranty program is not able to optimally manage supplemental servicing of claims. The primary cause of the loan servicing problems is the lack of effective ADP support in regional offices. Foreclosures are excessive and claims against the Loan Guaranty Revolving Fund and the Guaranty Indemnity Fund exceed by more than $29 million per year the amount considered tolerable. VA is the only major player in the mortgage lending industry without a modernized automated loan servicing program. The targeted correction date is FY 2000.

Actions include:

Developed a replacement Loan Service and Claims System.
Completed pre-production testing and installed production sites.

Education System—Chapter 1606

Background: The system to support the Montgomery GI Bill (MGIB) selected reserve payment is outdated. Payment delays are frequent because the system relies heavily on manual input. Failure to replace the current system has resulted in significant overpayments, errors in payment, delays in payment, and excessive reliance on adjudicative staff. The targeted correction date is FY 2001.

Actions include:

Reprogrammed funds to accelerate development of an enhanced MGIB-Selected Reserve system, patterned after the MGIB-Active system.

Information Systems Security

Background: Information systems security was identified as a material weakness in FY 1998. The Department's assets and financial data are vulnerable to error or fraud because of weaknesses in information security management, access to controls and monitoring, and physical access controls. This material weakness is targeted for correction in FY 2003.

Actions include:

Produced a multi-year program plan and budget proposal.
Developed slate of initiatives, which in combination are a comprehensive approach to managing risk through continuous assessment, policy, workforce education, security automation, and strong centralized management and oversight.
Established a permanent central security group under the CIO.
Initiated a contract for an independent Department-wide assessment of information security risks and development of a plan for managing these risks.
Acquired commercially-available Web-based awareness training curricula.
Initiated a contract for a commercial Critical Incident Response Capability (CIRC) service.
Published a strengthened Department-wide policy on system accounts, passwords, and other internal controls.
Commended by GAO in its October 1999 audit report on the status of security at VA.

Management Challenges Identified by the General Accounting Office

VA Health Care Infrastructure Does Not Meet Current and Future Needs

Background: Many VA facilities are deteriorating, inappropriately configured, or no longer needed because of their age and VA's shift in emphasis from providing specialized inpatient services to providing primary care in an outpatient setting. Despite eliminating about one-half of VA's hospital beds, excess capacity remains.

Actions include:

Improved accuracy of data collection processes for nursing home resource management by implementing the Decision Support System.

Developed a plan for meeting veterans' needs in the Chicago area.

Established a comprehensive capital asset management process.

VA Lacks Adequate Information to Ensure Veterans Have Access to Needed Health Care Services

Background: GAO reviews have recommended that VA improve accuracy, reliability, and consistency of information used to measure the extent to which (1) veterans are receiving equitable access to care across the country; (2) all veterans enrolled in VA's health care system are receiving the care they need; and (3) VA is maintaining its capacity to care for special populations.

Actions include:

Improved equity in access largely through establishment of CBOCs.

Developed process to review funding allocations by network directors to medical centers.

Agreed to identify criteria for networks to use in evaluating health outcomes.

VA Lacks Outcome Measures and Data to Assess Impact of Managed Care Initiatives

Background: VA does not know how its rapid move toward managed care is affecting the health status of veterans because measures of the effects of its service delivery changes on patient outcomes have not been established. Other public and private health care providers have recognized the necessity—and the difficulty—of creating such criteria and instruments.

Actions include:

Established a Gulf War Field Advisory Group to strengthen oversight and coordination of Gulf War health care processes.

Initiated a wide range of research projects related to illnesses of Gulf War veterans, as well as environmental risk factors.

Worked with DoD to develop a joint computerized patient record system.

Developed a treatment strategy for homeless veterans.

VA Faces Major Challenges in Managing Non-Health Care Benefits Programs

Background: In managing non-health care benefits programs, VA needs to overcome a variety of difficulties.

Currently, VA cannot ensure its veterans' disability compensation benefits are appropriately and equitably distributed because its disability rating schedule does not accurately reflect veterans' economic losses resulting from their disabilities. Also, VA is compensating veterans for diseases that are neither caused nor aggravated by military service. In addition, claims processing in VA's compensation and pension program continued to be slow, and the vocational rehabilitation program has yielded limited results. Moreover, the data VA will use to measure compensation and pension program performance are questionable. Furthermore, VA has inadequate control and accountability over the direct loan and loan sales activities within VA's Housing program.

Actions include:

Installed a new Loan Service and Claims System.
Contracted for services for reconstructing various aspects of loan sales.
Developed a National Acquisition Strategy for veterans in VR&C programs.
Tracked critical categories of C&P claims using the Systematic Technical Accuracy Review (STAR) process.
Created a variety of training packages for claims adjudicators.
Met with stakeholders to discuss program outcomes, outcome measures, and outcome goals.

Management Challenges Identified by VA's Office of Inspector General

Resource Allocation

Background: IG audits have shown resource allocations (VHA funding patterns) have not been adequately addressed. Disparities in clinical and administrative staffing levels have resulted because VHA has not yet developed and implemented staffing guidelines or methodologies.

Actions include:

Changed the method used to fund VAMCs, i.e., Veterans Equitable Resource Allocation (VERA).
Evaluated network-to-facility allocation to identify best practices.
Began implementation of a new cost-based data system for clinical and administrative production units.

Claims Processing, Appeals Processing, and Timeliness and Quality of C&P Medical Examinations

Background: VA needs to improve the timeliness of claims processing, appeals processing, and medical examinations for veterans applying for C&P benefits. VA claims processing backlog continues to grow and timeliness in benefits claims and appeals processing continues to deteriorate. Claims and appeals processing and timeliness remain among the most important issues affecting much of the veteran population. Veterans view the benefit claims and appeals activities as one process. Thus, gains made in discrete areas of the overall process can only be accepted as partial solutions to the larger problem.

Actions include:

Established nine Service Delivery Networks that align regional offices geographically so they can share resources and provide support.
Merged veterans services functions with adjudication functions into Veterans Service Centers.
Adopted a joint performance indicator called Appeals Resolution Time.
Formed a joint VBA/BVA work group to develop a methodology to improve overall claims processing timeliness.
Provided training to VHA physicians.

Inappropriate Benefit Payments

Background: VA needs to develop and implement a more effective method to identify inappropriate benefit payments. Recent IG audits found that the appropriateness of C&P payments has not been adequately addressed.

Actions include:

Identified Federal prisoners in receipt of VA benefits by computer matching with Bureau of Prisons.

Entered a computer matching agreement with SSA to receive listings of incarcerated veterans whose benefits may be subject to reduction or termination.

Installed programming to run computer matching agreement with DoD to identify individuals receiving dual compensation.

Health Care Quality Management and Patient Safety

Background: VA faces the challenge to not only maintain an effective health care quality management (QM) program, but also to adapt the QM program to rapidly changing Department needs. One challenge to the QM program is the transition from the inpatient setting to the ambulatory care setting. Ambulatory care is far more fast-paced, and this more rapid pace of patient care increases the potential for serious error to occur.

Actions include:

Shifted care from inpatient to outpatient and community settings.

Instituted a comprehensive measurement and monitoring system to help assure care delivery in outpatient settings.

Held network directors accountable for a series of performance measures focusing on outpatient care.

Implemented nationally developed clinical practice guidelines.

Assessed VA care in both inpatient and outpatient settings using an annual national patient satisfaction survey.

GPRA – Data Validity

Background: GPRA requires Federal agencies to report performance outcomes annually to Congress. Each of VA's three major administrations developed performance measures and a system to report outcomes based on these performance measures. VA has numerous automated data collection systems that are needed to support GPRA objectives, and the accuracy and reliability of the data is of paramount importance. Prior IG audits found erroneous data in many VA financial and management systems. Inaccurate data in VA records result in faulty budget and management decisions, and adversely impact program administration.

Actions include:

Established an Office of the Actuary.

Completed IG audits of five of VA's key performance measures.

Worked to improve internal controls to ensure accurate and reliable data for planning and management purposes.

Acknowledged data limitations.

Appendix 3

CROSSCUTTING ACTIVITIES

To assist us in achieving our goals and objectives, VA has formed numerous partnerships and alliances with other Federal agencies, state and local governments, and private sector organizations. These crosscutting activities have the potential for providing improved delivery of service to our veterans through administrative simplification, reduction of barriers, better allocation of limited resources, and achievement of cost savings. Additionally, they provide a clear focus on measurable outcomes.

Department	VA Business Line and Activity
Defense	**Medical Care** ❸ In conjunction with DoD, VA develops and implements clinical practice guidelines with a long-range view toward assuring continuity of care and a seamless transition for a patient moving from one system to the other. ❸ VA is collaborating with DoD on developing an MOU to have access to each other's Central Cancer Registry. The Central Cancer Registry of DoD (ACTUR) will provide information to VA and VA's registry will provide similar information to DoD, thereby improving the quality of care. In addition, VA has arranged for veterans to receive medical care from both VA and DoD, depending upon a facility's proximity to their residence. ❸ VA works with DoD on the Government Computerized Patient Record common clinical record architecture. ❸ VA's Office of Environmental Hazards works with DoD to address war-related medical issues. The two agencies participate jointly in the following standing committees: Gulf War Program; Veterans Health Coordinating Board on Gulf War Illnesses; and the Canadian and UK Gulf War Veterans Advisory Committee. ❸ With DoD, VA distributes excess property (sleeping bags, clothing, and furniture) for Homeless Veterans Initiative; comprehensive work therapy program employs veterans to unload, inventory, and ship these goods across the country from New Jersey location. ❸ An MOU is under development between VA and DoD regarding the provision of VA prosthetic services for active duty, Tricare, and CHAMPUS eligibles and their beneficiaries while in military treatment facilities and the transfer of patients to VA medical centers for the provision of prosthetic services. ❸ An MOU is under development between VA and DoD to provide acute rehabilitation to military personnel with new spinal cord injury. **Compensation and Pension** ❸ VA will work with DoD officials to formulate proposals supporting claims development and the physical examination process prior to separation, with a disability rating to be completed prior to, or closely proximate to, separation from active duty. VA encourages national, state, and county VSOs to be an integral part of the planning and execution in this effort.

Appendix 3

Defense ***(cont'd)***	**Education** ❸ VA works with DoD to provide educational assistance to veterans and servicemembers. These benefits are an important DoD recruiting tool. ❸ VA coordinates with entities and organizations currently performing or planning to perform outreach activities. In addition to working with each other, every group must work through DoD to identify the service personnel targeted for outreach. State approving agencies and other stakeholders will provide a presence in remote locations. It is intended that VA will establish a network for effective education outreach by supporting various activities in place and creating other activities to improve beneficiary access to benefits and services. **Housing** ❸ DoD informs active duty members of their VA home loan benefits. **Burial** ❸ VA works closely with components of DoD and veterans service organizations to provide military honors at national cemeteries. While VA does not provide military honors, national cemeteries facilitate the provision of military honors and provide logistical support to military honors teams.
FEMA	**Medical Care** ❸ The National Disaster Medical System is a Federal partnership established by an MOU between VA, DoD, Public Health Service, and FEMA. The mission is to maintain these partnerships to address the varied needs of veterans, active duty military personnel, and victims of catastrophic disasters.
HHS	**Medical Care** ❸ VA pursues Medicare subvention with HCFA in order to establish a program that would allow Medicare eligible veterans to choose VA for their healthcare. These veterans are defined as those who have income or assets above the VA Means Test and are either compensated zero percent service-connected veterans or non-service connected veterans. ❸ VA and HCFA share a variety of health care data. For example, VA works with HHS to develop non-VA benchmarks for bed days of care, which are obtained from a HCFA database. VA obtains data on ambulatory procedures from the National Center for Health Statistics. ❸ There is a partnership with Kaiser Permanente and the National Institutes of Health (NIH) for benchmarking products, processes, and services. Another partnering arrangement involves the American Institute of Architects and NIH in an effort to establish a research laboratory design guide. ❸ Improving mammography and cervical cancer screening rates includes collaboration with the National Center for Health Promotion and liaisons with other private and public health care agencies involved in women's health.

Appendix 3

HHS ***(cont'd)***	**Medical Education** ❸ VA works with the American Diabetes Association, the Centers for Disease Control and Prevention, and other organizations in the education of providers and persons with diabetes in the prevention of foot problems through the "Feet Can Last a Lifetime Project." **Medical Research** ❸ Collaborations with the pharmaceutical companies research initiatives with NIH, and liaison activities with other agencies. ❸ VA disseminates results from the National Institute on Aging (NIA) Collaborative Studies of Dementia Special Care Units and from VA-sponsored research on dementia care. VA also explores areas of research collaboration on Alzheimer's and related dementia, including medical, rehabilitation, and health services research.
HUD	**Medical Care** ❸ VA sponsors programs at 35 VA medical centers to provide ongoing case management and other needed assistance to homeless veterans who have received dedicated Section 8 housing vouchers from HUD. Health Care for Homeless Veterans (HCHV) Programs staff and homeless domiciliary staff coordinate outreach and benefits certification at four sites to increase the number of veterans receiving SSI benefits and to otherwise assist in their rehabilitation. **Housing** ❸ VA and HUD participate in the Partners for Homeownership, seeking to increase the homeownership rate to 67.5 percent by the year 2000.
Justice	**Burial** ❸ An Interagency Agreement with the Bureau of Prisons provides for the use of selected prisoners to perform work at national cemeteries. This agreement provides a supplemental source of labor to assist in maintaining the national cemeteries.
Labor	**Education** ❸ With Commerce and Agriculture, Labor helps VA by conducting approval and oversight activities for job training programs. **Vocational Rehabilitation and Employment** ❸ VA partners with DOL to conduct training on employment assistance and techniques with the aid of a new transferable skills inventory.
NRC	**Medical Education** ❸ VA's Office of Public Health and Environmental Hazards supports the NRC's medical education on Gulf War veterans.

Appendix 3

NRC ***(cont'd)***	**Medical Research** ❽ VA's Office of Public Health and Environmental Hazards works with NRC and the Institute of Medicine on research concerning herbicides, Agent Orange exposure, and the health status of Vietnam era veterans.
SSA	**Compensation and Pension** ❽ VA and SSA are exploring the possibility of direct access to each others' electronic databases. This would give VA the potential to rate pension claims using SSA disability codes. **Insurance** ❽ Under the Debt Collection Improvement Act, Treasury is requesting that a social security number (SSN) be provided with each disbursement. Therefore, VA works with SSA to obtain as many SSNs as possible where our records do not contain one and to verify those SSNs currently on file.
State/Local	**Medical Care** ❽ VA provides laundry services to State Veterans Homes and Job Corps programs. ❽ VA's Homeless Grant and Per Diem Program provides grants to community-based organizations, state or local governments, or Native American tribes to assist with the construction or renovation of new transitional beds and other supportive services programs. Following completion of construction, grant recipients may receive per diem payments to help offset operational expenses for their programs for homeless veterans. ❽ VA maintains community-based Vet Centers through continued outreach contacts with all aspects of the veterans' community and local service providers.
	Medical Education ❽ In conjunction with the medical school at East Tennessee State University, VA participates in an Enhanced-Use lease of 31 acres at its VA Medical Center in Johnson City. **Compensation and Pension** ❽ VA partners with county, state, and national service organization representatives in the national implementation of the Training, Responsibilities, Involvement, and Preparation (TRIP) project. **Burial** ❽ VA has established a partnership with the states to provide veterans and their eligible family members with burial options in a national or state veterans cemetery. VA administers the State Cemetery Grants Program which provides grants to states of up to 100 percent of the cost of establishing, expanding, or improving state veterans cemeteries.

Appendix 3

White House	**Medical Care** ❸ Along with eight other federal agencies (Agriculture, Commerce, Defense, Federal Communications Commission, HHS, NASA, OMB, and Appalachian Regional Commission), VA participates in the Joint Working Group on Telemedicine—part of the Vice President's national information infrastructure initiative. ❸ VA has close liaison with the Office of National Drug Control Policy whose national drug strategy significantly informs VA's addictive disorders treatment goals. **Medical Education** ❸ VA's National Center for Clinical Ethics collaborates with its partners at the White House, DoD, DoE, and NIH to jointly address bioethical issues. VA also contributes funds to the President's National Advisory Bioethics Committee. **Burial** ❸ VA administers the White House program for providing Presidential Memorial Certificates to the families of deceased veterans, conveying the Nation's gratitude for the veteran's service.
Private	**Medical Care** ❸ The non-VA benchmark for customer service satisfaction is based upon data from the non-profit Picker Institute for Patient Centered Care. ❸ VA collaborates with the American Hospital Association's National Conference for Consumer Healthcare Advocacy for Patient Advocate professional development. ❸ VA works with the National Academy of Sciences' Institute of Medicine to provide strategic direction for the clinical, research, education, and outreach programs for veterans who have health problems, possibly as a result of exposure to Agent Orange and other herbicides used in Vietnam. ❸ VA works together with non-profit organizations, including VSOs, to enhance assistance to homeless veterans. VA collaborates with L.A. Vets, Inc., and Corporation for National Service to expand AmeriCorps member services to homeless veterans at VA medical centers, regional offices, and in community programs. VA participates in Federal Interagency Council on Food Donation/Recovery Initiative with focus on Homeless Veterans programs. ❸ VA's Chaplain Service partners with religious organizations to help re-establish community support systems for homeless veterans. ❸ VA has collaborative efforts with Kaiser Permanente to establish data standards for facilities management. ❸ VA has a liaison agreement with the Paralyzed Veterans of America to partner in developing the functional design of spinal cord injury (SCI) facilities to ensure SCI service centers best meet customer needs.

Private
(cont'd)

Medical Research

- VA researchers participate in a wide range of technical panels and interdepartmental sharing committees. Included among them are the National Science and Technology Council's Construction and Buildings Subcommittee on research and development to lessen cost of facilities and improved performance; and the Brain Injury Association and the Defense and Veteran Head Injury Program in research projects designed to improve the understanding and treatment of traumatic brain injury.
- VA has established an MOU with the American Legion to share workload data to facilitate American Legion reviews of VA medical centers. Similar sharing with other service organizations is under study.

Housing

- VA executes the housing program through the private home building and mortgage lending industries. Most home loans are based on the automatic approval process that does not require VA underwriting approval before loan closure.
- VA uses private sector management and sales brokers to manage and sell homes VA acquires after foreclosure.
- VA sells loans to private investors through mortgage trusts.

Burial

- VA will continue its partnerships with various civic associations that provide volunteers and other participants to assist in maintaining the appearance of national cemeteries.
- VA will continue to work with funeral homes and veterans service organizations to find new ways to increase awareness of burial benefits and services.

Appendix 4

DATA CAPACITY

VA is committed to ensuring that those who use VA's reported performance information to make decisions can do so with the confidence that our data are reliable and valid. Developing policy to ensure data quality, establishing oversight authority, using the expertise of the Office of the Actuary, and using performance audits to objectively assess the reliability, validity and integrity of the data will provide senior managers with needed assurances about the quality of VA's data.

VA needs to establish sound policy for data quality at the Department level that would include among other things, standardization of data definitions; use of internal controls; data sources; and data reliability, validity, and integrity checks. Senior managers are considering the establishment and need for a VA Data Council to provide oversight on data verification issues and practices.

Upon establishment of Department key performance measures, it was critical to senior managers that the quality of the data reported be objectively verified for accuracy. The Office of the Inspector General (IG), through performance audits, provides an important and objective assurance of data quality. To date, the IG has completed performance audits on five key measures and has plans to initiate performance audits on other key measures.

In order to ensure a greater understanding among VA staff and managers, IG auditors provided the following definitions:

validity—do the data represent what they are supposed to or intended to;
reliability—are the data consistent and can they be replicated; and
integrity—can the data be gamed or manipulated.

In reviewing data validity, reliability, and integrity, the IG work is being performed in accordance with GAO's Assessing the Reliability of Computer Processed Data, popularly known as the Gray Book.

During FY 1999, the IG completed audits of VHA's number of unique patients and NCA's percentage of the veteran population served by the existence of a burial option within a reasonable distance of place of residence.

Based on its audit of unique patients, the IG concluded that we overstated the patient count by 5.7 percent. The IG cited two major reasons for this:

inaccurate SSNs were entered into the National Patient Care Database
patients with undocumented appointments or who did not keep their appointments were counted as being treated.

The Acting Under Secretary for Health agreed with the recommendations in the IG's report and provided an acceptable implementation plan.

The NCA performance audit showed that NCA personnel generally made sound decisions and accurate calculations in determining the percent of veterans served by a burial option. However, inconsistencies in NCA's estimate of the percent of the veteran population served by a burial option were identified. Although these inconsistencies did not have a material impact and no formal recommendations were made, adjustments have been made to data collection practices by NCA. The validity and reliability of the NCA measure was based on a review of adjustments made by VA personnel to veteran population data received from the Census Bureau, an evaluation of the decision to define a cemetery's service area (in most cases, as the area within a 75-mile radius),

to have access to each other's Central Cancer Registry. The Central Cancer Registry of DoD (ACTUR) will provide information to VA and VA's registry will provide similar information to DoD, thereby improving the quality of care. In addition, VA has arranged for veterans to receive medical

an assessment of the mapping software used by NCA personnel, and data input and output for a stratified random sample of cemeteries.

The VBA audit will include an assessment of pertinent internal controls at selected regional offices and the Austin Automation Center, reviews of random samples of successful interventions, refundings, voluntary conveyances, compromises, and foreclosures recorded in the Liquidation and Claims System (LCS) to test authenticity, reviews of random samples of cures and payments to test completeness of data in LCS, and an assessment of the program used to compute the ratio. The audit is expected to be completed in 2000.

The VHA audit will evaluate the statistical sampling methodology and assumptions to determine if it produces results that are representative of actual treatment provided by VHA, examine the data processing systems in which CDCI and PI data were input to determine whether the data were processed accurately, whether there were adequate controls to prevent bad data from processing, and compare source documents and data from the automated systems to determine whether the proper data were input accurately and if there is sufficient supporting documentation in the medical records. The audit is expected to be completed by early FY 2001.

As a standard practice of accountability, the IG will follow-up all recommendations made regarding data integrity, validity, and reliability on all performance measure audits. The IG is responsible for maintaining the Department's centralized, computerized follow-up systems that provide for oversight, monitoring, and tracking of all IG recommendations through both resolution and implementation. Resolution and implementation actions are monitored to ensure disagreements between the IG and management are resolved as promptly as possible and corrective actions are implemented as agreed upon by management officials. Disagreements unable to be resolved between the IG and management are decided by the Deputy Secretary, VA's audit follow-up official. Management officials are required to provide the IG with documentation showing the completion of corrective actions. IG staff evaluates information submitted by management officials to assess both the adequacy and timeliness of actions and to request periodic updates on an ongoing basis.

Veterans Health Administration

The validity of VHA's electronic databases has been assessed in a number of studies by researchers, with adequate validity being found for most data elements. For those measures where data are collected as a result of chart review, medical record reviews have been performed with computerized algorithms to enhance their reliability. In addition, abstractors have received intensive training in the application of the criteria prior to abstraction and have a "help desk" available to them during abstraction to answer questions about difficult charts. Inter-rater reliability has been assessed with the level of agreement being at least adequate for all performance indicators, when compared to generally accepted standards. Extensive psychometric testing of the customer feedback instruments has been performed to establish their reliability and validity. In addition, validity has been enhanced by risk adjusting facility data for age, gender, and health status, and by using a wide variety of survey procedures to obtain high response rates. The validity of the self-report measures has been considerably enhanced through on-site visits for randomly selected facilities.

care from both VA and DoD, depending upon a facility's proximity to their residence. VA works with DoD on the Government Computerized Patient Record common clinical record architecture. VA's Office of Environmental Hazards works with DoD to address war-related medical issues. The

Veterans Benefits Administration

C&P's program automated information system was vulnerable to reporting errors and the ability to erroneously enter data to show better performance than was actually achieved. VBA has taken several steps to ensure it has accurate and reliable data for planning and management purposes.

The C&P Service also tracks the percent of questionable end product transactions for each office. For those stations having the highest percentage of questionable transactions, these sites were identified for case call-in review. The first case call-in review of approximately 500 cases, from five selected regional offices, took place during April 1999. Based on the results of this review, Office of Field Operations and the C&P Service management met with the regional office directors and staff representatives in June 1999 to discuss the findings. Each office was required to submit an action plan for addressing end product improprieties.

National Cemetery Administration

NCA workload data are collected monthly through field station input to the Management and Decision Support System (MADSS), the Burial Operations Support System (BOSS), and the Automated Monument Application System - Redesign (AMAS - R). Headquarters staff review the data for general conformance with previous report periods, and any irregularities are validated through contact with the reporting station.

NCA conducts an annual survey of the families of individuals who are interred in national cemeteries and of other visitors to measure how the public perceives the appearance of the cemeteries and the quality of service provided. This information provides a gauge by which to assess maintenance conditions at the cemeteries and our success in delivering service with courtesy, compassion, and respect. The survey provides us with data from the customer's perspective, which is critical to developing our objectives and associated measures. VA headquarters staff oversee the survey process and provide an annual report at the national level. NCA Area Office and cemetery level reports are provided for NCA management use.

Efforts are also underway to expand the use of information technology to collect performance data for recently developed performance measures. NCA has established a Data Validation Team whose goal is to ensure that performance data collected and reported for timeliness of scheduling interments and setting headstones and markers are accurate, valid and verifiable. The team's major tasks include defining performance measurement terms to ensure standard interpretation and application throughout NCA; identifying training needs to ensure accuracy of data and consistent data entry processes; and recommending necessary changes to the Burial Operations Support System to help ensure accurate data are entered.

Data Validity and the Chief Actuary

In its December 1996 report, the Veterans Claims Adjudication Commission observed many critical decisions relative to VA programs were not supported by "valid data and long-term analyses of program needs." To this end, the Commission recommended, and the Secretary of Veterans Affairs agreed, VA should establish a capacity for

two agencies participate jointly in the following standing committees: Gulf War Program; Veterans Health Coordinating Board on Gulf War Illnesses; and the Canadian and UK Gulf War Veterans Advisory Committee. With DoD, VA distributes excess property (sleeping bags, clothing, and

actuarial analysis at the Department level. In establishing the position of Chief Actuary, the Department acknowledged actuarial analysis will significantly benefit the evaluation of the long-term financial commitment of VA programs to individual veterans and their dependents. Further, VA expects this function to influence such other areas as the demographics of beneficiaries, disability rates, life-time utilization of VA programs, and projections of future beneficiaries and VA workload. In July 1999, VA successfully recruited its first Chief Actuary.

As a profession, actuaries apply Actuarial Standards of Practice to their work. According to Actuarial Standard of Practice No. 23 "Data Quality," data should be reviewed for reasonableness and consistency, any actual or potential material biases should be disclosed, and documentation to support the use of specific data should be maintained. Consequently, VA expects the results of an actuarial review will be valuable feedback to data developers to help them improve the validity and accuracy of their data.

Departmental Policy

Over the last year, VA has made progress within the Department to begin the process of addressing both the data verification methods used by our three major operating elements as well as data limitations. In that regard, VA has continued to work to develop a cooperative relationship with the IG, communicated the importance of internal controls to program managers, and monitored ongoing efforts within VA to improve data reliability, validity, and integrity.

It is this cooperative partnership that sends the message to VA's employees and managers that data integrity, validity, and reliability must be taken seriously and that VA expects to be held accountable for reported performance information.

> Initiating a data verification process policy will increase confidence that there is a high level of data validity and reliability. Additionally, such a process will help ensure there is a lack of evidence for systematic bias.

VA recognizes that performance measure auditing should not be the only source for ensuring validity, reliability, and integrity of our data. As we meet our responsibility for providing accurate performance reports, we need to establish additional mechanisms for ensuring data quality. We recognize that VA must develop, implement, and monitor a VA-wide strategy for verification and validation methodologies to reduce, and ultimately eliminate, questions about the quality of our data.